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HUMAN BEHAVIOR AND ECONOMICS: A  
SURVEY OF RECENT LITERATURE

SUMMARY

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A SLIGHT but significant change seems to be taking place in the attitude of economic theorists toward psychology. Most of the older writers made no overt reference to psychology, but tacitly imputed to the men whose behavior they were analyzing certain traits consistent with common sense and convenient as a basis for theorizing. By recent writers, on the contrary, non-intercourse with psychology, long practised in silence, is explicitly proclaimed to be the proper policy.

This definite pronouncement has arisen from a somewhat tardy recognition that hedonism is unsound psychology, and that the economics of both Ricardo and Jevons originally rested on hedonistic preconceptions. Since hedonism is unsound, either we must admit that both the classical and the marginal analysis

is invalid, or we must argue that the hedonistic preconceptions can be given up without compromising the validity of the analysis. The latter horn of the dilemma is chosen. Then we must choose again between providing a sounder psychological basis for our analysis, and holding that its psychological basis does not concern the economist. Again, the latter course is generally preferred. Thus, economic theory is said to rest upon the simple facts of preference or choice, and the psychological explanation of these preferences or choices is said to be a matter of indifference to our science. I have come across passages of this tenor in the recent writings of Professors Wicksteed, Chapman, Pareto, Schumpeter, Čuhel, and Davenport.<sup>1</sup> Probably a search made for the purpose would discover other cases.

Now, if economic theory really has no concern with psychology, perhaps a survey of recent literature upon human nature is out of place in this Journal. But that is not a necessary conclusion. For when economic theory has been purified so far that human nature has no place in it, economists become interested perforce in much that lies outside their theoretical field. Further, it is possible that the effort to keep the study of human nature out of economic theory may break down. The admitted deficiencies of hedonism may stimulate future economists, not to disavow all psychological analysis, but to look for sound psychological analysis. It may

<sup>1</sup> P. H. Wicksteed, *The Common Sense of Political Economy* (1910), pp. 33, 36, 169, 435; S. J. Chapman, *Political Economy* (Home University Library), 1912, pp. 34, 35; also *Outlines of Political Economy*, 1911, pp. 24-26; J. Schumpeter, *Wesen und Hauptinhalt der theoretischen Nationalökonomie*, 1908, pp. 64, 72, 542-544; Čuhel, *Lehre von den Bedürfnissen*, 1907, pp. 56-61; H. J. Davenport, *Economics of Enterprise*, 1913, pp. 99-101. Pareto's position is substantially similar, since he bases his theory of equilibrium on curves of indifference, and treats these curves as factual data. See his *Manuel d'Économie politique*, 1909, p. 169 n. Böhm-Bawerk thinks that Čuhel and Schumpeter draw too sharp a line between economics and psychology; but he tries to clear his own skirts of hedonism. See his *Positive Theorie des Kapitals*, Zweiter Halbband, 3d ed., 1912, pp. 310-330.

even be that economists will find themselves not only borrowing from but also contributing to psychology. For if that science is ever to give a competent account of human behavior it seems necessary that economists should do a part of the work. Human nature is in large measure a social product, and among the social activities that shape it the most fundamental is the particular set of activities with which economists deal.

Those economists who are loath to abandon psychological inquiry may well feel encouraged by the vigor with which the study of human nature is now being prosecuted. Physiologists, neurologists, psychologists, ethnologists, sociologists, political scientists, economic historians, even a few economic theorists, are not only working at the problem from their several viewpoints, but also endeavoring to pool their contributions. Whether the results of such work can be incorporated into economic theory with good effect, and whether economists have contributions of their own to make to the study of human nature, are questions of great import. Nothing which we are doing ourselves along traditional lines concerns us more than these many-sided investigations of human behavior.

## I

Professor Parmelee<sup>1</sup> plans "a series of works" dealing "with the evolution of human culture and of human nature." His present volume provides the basis for this series by assembling the results of recent investigations bearing upon the evolution of behavior. Starting with the physico-chemical peculiarities of organic matter, he reviews the leading theories con-

<sup>1</sup> *The Science of Human Behavior, Biological and Physiological Foundations.* By Maurice Parmelee, New York, The Macmillan Company, 1913, 8°, pp. xvii + 443.

cerning the origin of species, the behavior of the lower animals, the evolution and functions of the nervous system, the rise of instincts and intelligence, and finally, the beginnings of social evolution among insects, vertebrates, and men.

Now the road from physical-chemistry to sociology is long and many are the scientific fields that must be traversed in passing from one to the other. No single man is a competent guide across all the subdivisions of biology, physiology, and psychology. Yet we may be glad that Mr. Parmelee has the courage of a sociologist rather than the caution of a scholar. For to most students of the social sciences the hypotheses that human behavior has evolved from the simple reactions of unicellular organisms, and that the latter behavior is reducible to mechanistic terms, — to most students of the social sciences these hypotheses are as vague as they are seductive. An attempt to bring together the evidence bearing upon them serves at least to make them more definite, to show where they fit in among the other fragments of our knowledge, and to suggest possible bearings upon our proper problems. Besides this general interest, Mr. Parmelee's book has many diverting details: for example, the sections of scissors and paste which summarize the fascinating researches of Loeb into tropisms, which indicate why Jennings, in opposition to Loeb, imputes attention and choice even to the protozoa, which outline Sherrington's conception of the nervous system, W. M. Wheeler's studies of ant communities, and Espinas's speculations about the tendency of the family to obstruct the formation of large social groups.

For social psychology the most important part of Mr. Parmelee's book is his treatment of the relations between the four types of behavior — tropisms, reflexes,

instincts, and intelligence. He believes "that there is strict continuity between all these different forms of behavior and that the more complex forms are built up from and based upon the simpler" (p. 200). Tropisms are the reactions to external forces of animals without a nervous system. Reflexes are the reactions of effector organs to nervous stimuli, and therefore exist only in animals which have nervous systems. Instincts are inherited combinations of reflexes, and require integration by a central nervous system. "Intelligent behavior is . . . made up of tropic, reflex, and instinctive actions which have been combined in new ways as a result of experience so as to constitute new forms of behavior" (p. 258). It requires a central nervous system which "has developed parts which are not specialized at birth, so that they can serve as association areas" (p. 266). While the simpler "forms of behavior are inherited in the sense that animals are predetermined to manifest them when the appropriate stimuli are applied," intelligence "is determined by individual experience," tho of course "a structural form which is capable of benefiting by experience must be inherited if intelligent behavior is to make its appearance" (p. 423).

The neat symmetry of this scheme is marred somewhat by the necessity of introducing between instincts and intelligence certain "general innate tendencies." These tendencies differ from instincts in that they are not definite combinations of reflexes, but involve "at different times entirely different parts of the nervous system" (p. 296). On the other hand, they differ from intelligence in that they are innate, instead of based upon individual experience. Examples in point are the tendencies to imitate, to play, and to form habits.

The reader will see that Mr. Parmelee's discussion of human behavior is biological rather than psychological

in character. He finds the criteria by which to discriminate between the different types of activity, not in what the organism does, but in the anatomical structure of the nervous tissues involved. Interesting as this viewpoint undoubtedly is, important as are certain conclusions which it suggests, it still remains a matter of secondary interest to students of the social sciences. They are concerned less with the anatomical machinery by which activities are effected than with the characteristics of the activities themselves. Hence they will find more of practical interest in the following books, which subordinate the biological to the psychological viewpoint, than in Mr. Parmelee's volume.

## II

To a generation striving with projects of social reform there is no problem of greater speculative interest or greater practical import than what is original in human nature. Logically, the issue between Godwin and Malthus, between the Philosophic Radicals and the Conservatives of Mill's day, between the Socialists and the "Stand Patters" of our own time, involves a difference of opinion how far and how fast man's nature can be made over. And, since we have come to discredit the inheritance of acquired characteristics, the possibility of reforming human nature turns largely on what part of that nature is inherited and hence presumably unchangeable, and what part is formed by experience and hence presumably capable of modification. Keen and widespread interest will be felt, therefore, in the effort of a distinguished psychologist to determine what is *The Original Nature of Man*.<sup>1</sup>

<sup>1</sup> *The Original Nature of Man* (Educational Psychology, vol. i). By Edward L. Thorndike. New York, Teachers' College, Columbia University, 1913. 8°, pp. xii + 327.

Like most modern writers, Professor Thorndike finds the basis of man's original nature in the connections formed before birth among his 11,000 millions of neurones. In behavior these connections manifest themselves as reflexes, instincts, and inborn capacities — terms which indicate merely progressive differences in the complexity of the situations which provoke action, in the complexity of the responses made to the situations, and in the plasticity of the bonds between situations and responses.

What distinguishes Mr. Thorndike's view is that he conceives the number of these preformed connections and consequently the number of man's unlearned tendencies to be very great. Darwin held that man has fewer instincts than any other animal. William James, on the contrary, believed that man has all the instinctive impulses that animals have and a great many more besides.<sup>1</sup> Thorndike, in turn, goes far beyond James in multiplying innate propensities. As he multiplies them, of course, he makes these propensities more limited in scope and more definite in character.

An illustration will give the best idea of Mr. Thorndike's method and results. James treated imitation as one of the most important instincts.<sup>2</sup> On it Tarde, Le Bon, and Ross based their "psychology of the crowd." Later writers like McDougall and Parmelee have denied that it is an instinct on the ground that it does not involve any *specific* reflexes or mode of behavior, but have admitted "a general innate tendency" to imitate.<sup>3</sup> Now comes Thorndike with his detailed scrutiny of the evidence leading up to this conclusion:

The most probable cases for the production, by behavior witnessed, of similar behavior in the witness, are smiling when smiled at,

<sup>1</sup> Principles of Psychology, ii, 393, 441.      <sup>2</sup> Ibid., p. 408.

<sup>3</sup> W. McDougall, Social Psychology, pp. 102-107; M. Parmelee, Science of Human Behavior, pp. 241, 246, 247.



laughing when others laugh, yelling when others yell, looking at what others observe, listening when others listen, running with or after people who are running in the same direction, running from the focus from which others scatter, jabbering when others jabber, and becoming silent as they become silent, crouching when others crouch, chasing, attacking and rending what others hunt, and seizing whatever object another seizes.

In my opinion these probabilities are all, or nearly all, real, and are the chief, or even the only components of the imitative tendency which shows itself in large masses of men, and produces panics, and orgies, and frenzies of violence, and which only the rarest individuals can actively withstand.<sup>1</sup>

In other words: "Man has a few specialized original tendencies whose responses are for him to do what the man forming the situation does. His other tendencies to imitate are habits learned no-wise differently from other habits."<sup>2</sup>

This process of resolving the commonly recognized instincts into their constituent elements is carried out in much detail. The aim is to define each situation, each response, and each connection with such precision that every unlearned tendency may be identified with complete assurance by different investigators. Gradually enough material may be collected to make sure just what forms of behavior are original and just what forms are acquired. Mr. Thorndike's own work is professedly only a beginning in this line of endeavor: it does not give a complete inventory of unlearned tendencies, but it does give an illuminating conception of the character of these tendencies and of the scientific method of studying them.

To economists what Mr. Thorndike has to say about the relations between innate capacities and intelligence is even more important than what he has to say about these capacities themselves. The ultimate source of all values he finds in "the original satisfyingness of some states of affairs and annoyingness of others." But he

<sup>1</sup> *The Original Nature of Man*, pp. 120, 121.

<sup>2</sup> *Ibid.*, p. 122.

points out that "To satisfy is not the same as to give sensory pleasure and to annoy is not the same as to give pain." His generalizations concerning original tendencies to be satisfied or annoyed, concerning instinctive likes or dislikes, are summed up in "three laws of readiness and unreadiness." Briefly put, these laws are that "conduction by units in readiness is satisfying, while conduction by units in unreadiness, and readiness without conduction are annoying." One group of satisfiers and annoyers is given special prominence by Mr. Thorndike and deserves special consideration by economists. Man has an innate tendency "to general mental activity and to general physical activity (tho they are not as a matter of fact absolutely general)." The exercise of these tendencies satisfies, the denial of exercise annoys (pp. 122-133).

Now the original tendencies with which man is born have certain original tendencies of their own. One such tendency is to produce what we call consciousness. A second is to increase the strength of connections between situations and responses by use and to diminish this strength by disuse — the "Law of Exercise." A third is to increase the strength of connections when the response is accompanied or followed by a satisfying state of affairs and to diminish the strength of connections in the opposite case — the "Law of Effect" (pp. 170-172).<sup>1</sup> "These tendencies for connections to grow strong by exercise and satisfying consequences, and to grow weak by disuse and annoying consequences" are "the features of man's original equipment whereby all the rest of that equipment is modified for use in a complex civilized world": "the effective original forces in what has variously been called nur-

<sup>1</sup> Mr. Thorndike insists that this law of effect is primary, and not reducible to the law of exercise (p. 192).

ture, training, learning by experience, or intelligence " (p. 173).

Intelligence and instinct, then, are " of the same flesh and blood " (p. 310). For when man's unlearned capacities play out their game under favorable conditions they lead to reflection and to self-judgment, just as truly as they lead to the begetting and nursing of children. Acquired nature is generated from original nature " and combines back with it to form new hybrids " (p. 198). Our passionate religions, our industrial arts, and our pure sciences are all evolved from our innate propensities as much as is our habit of walking.

On this view human nature is highly plastic. Not plastic, as James Mill would have explained, because the mind is " under the governance of two sovereign masters " and may have the most diverse pleasure-pain associations established within it by appropriate training; but plastic because of the great number of its original propensities and of the vastly greater number of combinations among these propensities which may be formed by experience (p. 305). Practically every activity of mature life is directed not by any single instinct (Mr. Thorndike's unlearned tendencies are resolved into elements too specific for that); but by some combination among several or many original capacities, modified little or modified greatly by experience. As early as " the first half-year or less, original nature and nurture coöperate almost inextricably " (p. 40). Among adults, " Much, perhaps nine-tenths of what commonly passes for distinctively human nature is . . . not in man originally, but is put there by institutions or grows there by the interaction of the world of natural forces and the capacity to learn " (p. 199).

This view of human nature affords a firm psychological basis for optimism concerning the possibilities of social progress. Man has, indeed, no innate "moral sense" to lead him upward, no unlearned difference of response to right and wrong, no religious instinct (p. 202). Nor is man's original equipment adapted to the higher life; on the contrary it is "archaic, adapting the human animal for the life that might be led by a family group of wild men in the woods" (p. 280). Nor is this original equipment improving. It might be bettered, indeed, within certain limits by careful breeding (p. 244); but "original nature springs from original nature" (p. 235), and as matters stand, we have small warrant for thinking that human advance is due to growth of our unlearned capacities (pp. 240-243). What can be changed is nurture. Nurture cannot indeed eradicate unlearned capacities, it cannot supply them; but it can select certain among them for development and others for repression; it can make the most various combinations among them as well as modify their forms. The more numerous, the more diverse, the more specific research makes these original elements in human nature, the more powerful is the role it ascribes to the nurture, which selects, combines, and modifies them. Most important of all, the influence of nurture may be cumulative. Every increase of social wisdom may be applied in bettering the nurture given to the generation that follows, so that this generation in turn may give its successor training better than it received.

## III

Mr. Graham Wallas's *The Great Society*<sup>1</sup> has a wider scope than its predecessor, *Human Nature in Politics*. While the latter dealt with the conflict between the abstract theory of representative government and the psychology of practical politics, the former offers a psychological "analysis of the general social organization of a large modern state." A further difference is that the earlier book "turned into an argument against nineteenth-century intellectualism," while the present book turns "at times into an argument against certain forms of twentieth-century anti-intellectualism" (p. v). But the two volumes have much in common. Both have the practical aim of bringing "the knowledge which has been accumulated by psychologists into touch with the actual problems of present civilized life" (p. 20). Both reveal intimate acquaintance with politics, with public administration, with social conditions, and best of all with individual men. Both reveal also a wide knowledge of technical and general literature. To this learning there is joined in both keen analysis, independent judgment, and a strong constructive bent. Finally, both books are written with a charm nourished by the classics, and both sparkle with vitality.

In matters of method, Mr. Wallas's chief contribution is a deliberate effort to base his psychological analysis upon the "complex dispositions." He holds that "for that preliminary view of his subject matter, which he will carry half-consciously in his mind and use for his wider speculations, the social psychologist will . . . be wise to explain human conduct rather by the complex

<sup>1</sup> *The Great Society. A Psychological Analysis.* By Graham Wallas. New York, The Macmillan Company, 1914. 8°, pp. xii + 394.

dispositions, which are the Greatest Common Measures of human nature, than by the elementary dispositions, which are its Least Common Measures " (p. 29).

What, then, are these complex dispositions? Man "inherits a nature . . . containing many thousands of dispositions which incline him to react in various ways to appropriate stimuli. Many of these dispositions should be left rather to anatomy and physiology than to psychology. The psychological dispositions may be divided roughly into comparatively simple facts like the senses, memory, fatigue, etc., and the more complex facts of Instinct and Intelligence " (p. 56). Human nature means the sum-total of the human dispositions (p. 22). The advantage of using this term is that it enables "the social psychologist to project . . . all his facts on to one terminological plane " (p. 23). Ordinary language makes it difficult to combine and compare sensations (like pain), processes (like thinking), and emotions (like anger). But combination and comparison become easy when we speak simply of the three *dispositions* to feel pain, to reason, and to become angry.

So far Mr. Wallas's "dispositions" seem to coincide with Mr. Thorndike's "capacities." But there is an important difference between the concepts of human nature developed by these two men. Mr. Wallas proposes to use "disposition" and "nature" "so as to exclude the acquired elements." On this view a man's nature, or any one of his dispositions, becomes "an imaginary point, from which the effects of experience are assumed to start " (p. 23).

Now this proposal, at least when made with reference to the complex dispositions, seems to me to involve a serious error. How can patriotism, or ambition, which Mr. Wallas cites as among "the facts of human nature

which are of greatest importance to the social psychologist" (p. 32), be regarded as dispositions free from acquired elements? Indeed, can any complex disposition consist wholly of unlearned elements? Mr. Wallas himself says that "dispositions which seem, when considered by themselves, to be homogeneous, are found, when examined in relation to their stimuli, to consist of many independently varying tendencies" (p. 60). Is the combination among these original tendencies itself original? If Thorndike is right, we must say no. A man's action in going upstairs to get boracic powder to put on his burnt finger may, as Mr. Wallas says, "be treated either as the result of many elementary dispositions to perceive, to remember, to decide, etc.; or as the result of a single complex disposition to search, with the help both of the senses and the memory, for means of relieving pain" (p. 28). But certainly when it is treated in the latter way "disposition" is not used "so as to exclude . . . acquired elements."

Mr. Wallas would meet this criticism, I think, by urging that while in all behavior controlled by complex dispositions numerous acquired elements are conspicuous (pp. 23, 38, 45 note, 65, etc.), he is abstracting from these acquired elements and dealing with the naked propensities which remain. What we fear, love, and acquire depends upon the material provided by our several experiences, and our propensities in these directions are themselves modified in the course of exercise; but none the less we get these propensities by inheritance, not from experience, and upon finding appropriate stimuli for their exercise much of our happiness depends. Tried by Mr. Thorndike's searching analysis, however, the residuum of truth in this answer would be small. Apart from all experience, we do tend to fear,

to love, and to acquire certain particular things under certain particular circumstances; but what these particular things and particular circumstances are is not perfectly known. The fears, the loves, the acquisitiveness which *are* great social forces, which really *do* concern the social psychologist, are not these naked original propensities; but these propensities made over and standardized by contact from the days of our births with other people, who got their dispositions in question by a similar indissoluble fusion of nature and nurture at the hands of their predecessors.

The issue involved here is not, I think, purely verbal. Every one who does not consider, indeed every one who does not emphasize the fact that the human nature of each generation of men is determined chiefly by its nurture at the hands of the preceding generation misses the most potent single factor in social psychology. "Man is born," says Mr. Wallas, "with a set of dispositions related, clumsily enough but still intelligibly, to the world of tropical or sub-tropical wood and cave which he inhabited during millions of years of slow evolution, and whose main characteristics changed little over vast periods of time" (p. 64). If that were the full story of the human nature with which we become citizens of the Great Society, our plight would be bad indeed. But it is not the full story. Perhaps we have no original capacities which the cave man had not; but before we start in school, still more before we begin to earn our livings and to vote, our numberless unlearned capacities have grown into certain more or less stereotyped combinations utterly different from the combinations of the cave man. It still remains true that "neither our instinctive nor our intelligent dispositions [even as thus made over] find it easy to discover their most useful stimuli" in the Great Society



(p. 65). But happily the disharmony is not that between the original instincts of cave men and the requirements of civilization. It is the disharmony between the requirements of the Great Society and a human nature composed of cave man elements combined with one another in definite forms derived from generations of farmers, handicraftsmen, and petty shopkeepers.

Did Mr. Wallas adhere strictly to his proposal of treating complex dispositions as free from all acquired elements his analysis would contribute little to our understanding of present social problems. Happily he forgets his proposal almost as soon as he makes it, and proceeds to analyze the complex dispositions of greatest social import in the forms in which they manifest themselves today.

A particularly admirable feature of this analysis is the treatment of the relations between Instinct and Intelligence (chapter III). McDougall in his *Social Psychology* (p. 44) advanced the view that intelligence is but a complex apparatus for finding ways and means toward the ends which are set by instinct. Mr. Wallas, on the contrary, holds "that we are born with a tendency, under appropriate conditions, to think, which is as original and independent as our tendency, under appropriate conditions, to run away" (p. 43). Here, of course, Mr. Wallas and Mr. Thorndike are at one.

There follows a series of chapters (V to IX) discussing the efforts to establish a system of social psychology upon the basis of a single disposition, or of two or three dispositions at the most. The leading doctrines treated are the habit philosophy of Sir Henry Maine and others, the fear philosophy of Hobbes, the pleasure-pain philosophy of Bentham, the psychology of the crowd based upon imitation, sympathy and suggestion by Bagehot, Tarde and their disciples, the social psychology of love

offered by Comte and less definitely by later writers, and finally, the doctrine of ineradicable national hatred proclaimed by contemporary militarists. Nowhere else in anything like the same compass can be found so fair and so pregnant an account of efforts to discover the psychological principles by which social behavior is determined. Of especial interest to economists is the remarkably fresh treatment of Bentham's hedonism.

The result of this review is "to prove that as the scale of social organization extends, the merely instinctive guidance of Fear, or Love, or Pleasure, or Habit, becomes more and more unsafe; and that not only is a clearer consciousness of his actions and a stronger habit of forecasting their results needed by the ordinary man, but also that Thought in the great sense, the long-continued concentration of the professed Thinker in which new knowledge is made available for the guidance of human life, is required as it has never been required before" (p. 191).

Hence the great practical issue for modern society is whether our thinking about social problems can be made more effective. Mr. Wallas accepts the evidence of psychologists that we cannot control the movement of thought; but he contends that we can control the material circumstances necessary for thought, the mental attitudes which are favorable to thought, and our relations to the subject matter of thought. These relations include, besides logic in the narrow sense, our use of memory and record, and our standardizing of the facts about which we think by the use of money values, commercial grading of commodities, and the like. Keen and wise as is the discussion, its chief service is to define "the dominant intellectual problem of the Great Society." This problem "may be summed up in the statement that he who thinks about the civilized world

is now compelled either to standardize it in shifting Memory and abstract Record, and so think erroneously about it, or to attempt to standardize it in fact, and so, perhaps, destroy the only conditions of life in which man is fitted to find the satisfaction of his nature " (p. 222). About the practical solution of this problem Mr. Wallas is inclined to be optimistic, on the ground that " both the development of more delicate logical methods and the accumulation of recorded observations are, in fact, now making deliberate Thought about mankind less inexact and misleading than at any other point in history " (p. 240).

Having examined the " facts of human psychology with the purpose of discovering how they can be adapted to the needs of the Great Society " in Part I of his book, Mr. Wallas proceeds in Part II to " examine existing forms of organization in the Great Society with the purpose of discovering how far they can be improved by a closer adaptation to the facts of human psychology " (p. 249). Into this field I shall not follow him, because his task here is less to develop than to apply social psychology. Suffice it to say that the discussion concerns a number of burning current issues: the efficiency of government by parliament, cabinet, and civil service; the relations between business managers and shareholders; individualism, socialism, and syndicalism; the effect of " scientific management " upon the happiness of workers; women's suffrage, and the balance between liberty and compulsion most conducive to social welfare. Any one who doubts the helpfulness of looking at such issues from the psychological viewpoint will be rapidly converted to faith if he will entrust himself for a few hours to Mr. Wallas' wise leading.

## IV

In an article published in the *American Journal of Sociology* in September, 1898, Professor Veblen introduced into psychological discussion a new instinct, which he christened the instinct of workmanship. Both Mr. Parmelee and Mr. Thorndike discuss this article, but doubt the genuineness of the alleged instinct. The former, misinterpreting it as simply "the tendency to work," decides that it is "very far from being a distinct instinct," because it "is very complex in its character and causes."<sup>1</sup> Mr. Thorndike likewise holds that this propensity as "the gifted economist Veblen" defines it, is "a complex of several sets of original connections and of their guidance by material and human surroundings."<sup>2</sup> But while thus breaking the alleged instinct up into several original elements, he pronounces that, "Such a tendency surely comes to exist in very many men under the ordinary circumstances of life, and may properly be used in economics as a postulate."<sup>3</sup>

Thus Mr. Veblen's long-awaited volume upon *The Instinct of Workmanship*<sup>4</sup> encounters the preliminary objection that its very title in a misnomer and its fundamental thesis is an error. But Mr. Veblen is prepared for such criticism. He admits that the concept of instinct has disintegrated in the biological sciences since these sciences have begun a search for the irreducible

<sup>1</sup> The Science of Human Behavior, p. 252.

<sup>2</sup> Chief among the original connections he mentions the tendencies to multiform physical and mental activity, the satisfyingness of mental control and of human approval, and the annoyance we feel at being thwarted and at being the object of human contempt. Among the environmental guiding factors he mentions, "objects to be duplicated, ends to be gained, and the human customs of approving certain products of intellect or skill and condemning others."

<sup>3</sup> The Original Nature of Man, pp. 143, 144.

<sup>4</sup> The Instinct of Workmanship and the State of the Industrial Arts. By Thorstein Veblen. New York, The Macmillan Company, 1914. 8°, pp. ix + 355.

elements that go to make up behavior. By a brilliant anticipation of Mr. Thorndike's results, he points out that the concept would disintegrate in psychology also, if it undertook a similarly searching analysis of the mental elements in human activity. But his own task is neither biological investigation nor exhaustive psychological analysis: it is "inquiry into the nature and causes of the growth of institutions." For certain factors of unquestioned importance in this process of institutional growth, he thinks that "no better designation than the time-worn 'instinct' is available" (pp. 1-3).

What then are instincts as factors in the evolution of culture? Mr. Veblen describes them as "innate and persistent propensities of human nature," constituted by the "composite functional groups" into which the "simple and irreducible psychological elements of human nature fall." For their peculiar purposes the social sciences are warranted in handling these clusters of quasi-tropismatic impulses as themselves "irreducible traits of human nature." For, "it is in the particular grouping and concatenation of these ultimate psychological elements into characteristic lines of interest and propensity that the nature of man is finally to be distinguished from that of the lower animals" (p. 3).

Mr. Veblen's concept of instincts, then, as "composite functional groups" into which the "simple and irreducible elements of human nature fall" seems to be nearly identical with Mr. Wallas's concept of "complex dispositions." And like Mr. Wallas, but unlike Mr. Thorndike and Mr. Parmelee, he lays stress upon the functioning rather than upon the structure of instincts. Moreover the functioning which concerns him is not the early manifestation of instincts in the life of the individual, but the mature role which instincts play in social

life. When studied from this viewpoint, each instinct is found to propose "an objective end of endeavor"; and it is by this "purpose to which it drives" that we identify a given instinct and distinguish it from its brethren. That is, "Instinctive action is teleological, consciously so" (pp. 3, 4). Hence "all instinctive action is intelligent in some degree. That is what marks it off from the tropisms and takes it out of the category of automatism" (p. 31). "When instinct enjoins little else than the end of endeavor, leaving the sequence of acts by which this end is to be approached somewhat a matter of open alternatives, the share of reflection, discretion, and deliberate adaptation will be correspondingly large" (p. 38). In short "for present use, [instinct] denotes the conscious pursuit of an objective end which the instinct in question makes worth while" (p. 5).

Now instincts as they function "in the give and take of cultural growth," which is Veblen's business, differ from instincts as parts of the original nature of man, which is Thorndike's business, and from instincts as a feature in the evolution of the nervous system, which is Parmelee's business. It is confusing to have the same term used to cover these three concepts, because statements which hold true of one concept become false when another concept is considered. For example, Mr. Thorndike protests vigorously against teleological interpretations of instinct (p. 15); for, by original nature, it seems clear that the individual does not at first appreciate the ends of his muscular responses to stimulating situations. But it seems equally clear that in the course of experience man does find out what his ends are, so that, as factors in social life, the instincts become consciously teleological, as Veblen says they are. Again, as preformed connections between certain

neurones the instincts are doubtless highly specific, as Mr. Parmelee holds; but in the course of experience so many new connections are formed among the neurones that the common run of instincts lose their putative sharpness of outline and take on that "vagueness or generality" which Veblen, the student of culture, finds characteristic of them (p. 13). Thus, by taking considerable pains to remember just what concept each of our three writers has in mind, the reader can reconcile their seemingly inconsistent statements. As future discussions increase our knowledge of these entities, we shall probably agree upon appropriate terms for discriminating among them. Mr. Wallas's adoption of the term "complex dispositions" is a step in this direction. But, as matters stand, we can scarcely chide Mr. Veblen for not entitling his book "The Complex Disposition of Workmanship."

There is one point, however, at which we may fairly ask Mr. Veblen to modify his language. Just as Mr. Wallas seems mistaken in saying that complex dispositions (in his usage) are free from acquired elements, so Mr. Veblen seems mistaken in saying that instincts (in his usage) are "hereditary traits." In making this statement I suspect that he has momentarily reverted from his own meaning of instinct to Mr. Thorndike's meaning. As parts of the original nature of man, instincts are inherited; but instincts "as they take effect in the give and take of cultural growth" have important acquired elements in addition to the elements which are inherited. Perhaps Mr. Veblen's explanatory clause, that instincts are inherited "as spiritual traits *emerging from* a certain concurrence of physiological unit characters" is a sufficient defense against this criticism. But Mr. Veblen would surely admit that certain characteristics of instincts on which he

lays stress — their *consciously* teleological quality, their infusion by intelligence — emerge from experience. Doubtless, these characteristics could never appear unless the capacity to develop them were inherited; but the same remark holds true of every acquisition of man — for example, his knowledge of this year's fashions. Mr. Veblen's statement as it stands contains, as he remarks in a different connection, "rather a modicum of truth than an inclusive presentation of the facts relevant to the case" (p. 115).

Human nature to Mr. Veblen, then, is essentially "the complement of instinctive dispositions." This complement fluctuates widely from one individual to another, and these fluctuations are particularly marked among such hybrids as are practically all individuals among the peoples of the Western culture. "Yet, even through these hybrid populations there runs a generically human type of spiritual endowment, prevalent as a general average of human nature" (p. 15). And this "typical human endowment of instincts" is conceived to have "been transmitted intact from the beginning of humanity, . . . except so far as subsequent mutations have given rise to new racial stocks" (p. 18). Such differences of racial endowment are not considerable, but "a slight bias of this kind, distinctive of any given race, may come to have decisive weight when it works out cumulatively through a system of institutions . . ." (p. 24).

Among all the instincts with which man is endowed, Mr. Veblen ascribes the highest survival value to the instinct of workmanship. For the primary factor in deciding which shall survive among competing racial stocks is "their relative fitness to meet the material requisites of life" (p. 17). And "chief among those instinctive dispositions that conduce directly to the



material well-being of the race . . . is perhaps the instinctive . . . sense of workmanship." Its primacy is disputed only by the closely-related "parental bent" (p. 25).

The instinct of workmanship is "an animus for economy and efficiency" (p. 27). "Efficient use of the means at hand and adequate management of the resources available for the purposes of life is itself an end of endeavor, and accomplishment of this kind is a source of gratification" (pp. 31, 32). This instinct is peculiar in that it is an auxiliary to all the other instincts, rather than an independent force. "The generality of instinctive dispositions prompt simply to the direct and unambiguous attainment of their specific ends" (p. 32). But the functional content of the instinct of workmanship "is serviceability for the ends of life," and these ends are "at least in the main, appointed and made worth while by the various other instinctive dispositions" (p. 31). "The best . . . outcome of this disposition is not had under stress of great excitement or under extreme urgency from any of the instinctive propensities . . . whose ends it serves" (p. 33). It does "not commonly run to passionate excess," and "yields ground somewhat readily" when brought into competition with "more elemental instinctive propensities" (p. 34). It is also readily bent in various directions, according "as one or another of the instinctive dispositions is predominant in the community's scheme of life" (p. 35). "The grave importance that attaches to it is a matter of its ubiquitous subservience to the ends of life, and not a matter of vehemence" (p. 34).

As the instincts constitute the first great factor in culture, so modifications of instinctive behavior through intelligence and habits constitute the second. Tho secondary in origin, these modifications attain decisive

importance because they are cumulative. They are passed on from generation to generation and each acquired element may become the basis of new acquisitions. Of this nature are usages, customs, conventions, preconceptions, canons of conduct, bodies of knowledge including the customary scheme of technology upon which workmanship proceeds (pp. 6, 7, 38, 39).

Now the great problems of cultural history arise from the fact that while "the typical human endowment of instincts" changes but little, "the habitual elements of human life change unremittingly and cumulatively" (p. 18). Conflicts are thus frequently produced between the stable instincts and the evolving institutions. When institutional changes affect materially the ways and means by which a race gets its living, the crucial question arises whether its instincts will enable it to employ the new means and to live under the new institutions which its own progress has created (p. 35). There is, of course, no possibility of solving such a problem by changing the instincts. The only way to restore harmony is to readjust the scheme of institutions. The possibility of making such readjustments is primarily determined by the driving force among the people in question of those instincts which make for material welfare — above all the sense of workmanship and the parental bent — and the resisting force of institutional bonds. ". . . History records," says Mr. Veblen, "more frequent and more spectacular instances of the triumph of imbecile institutions over life and culture than of peoples who have by force of instinctive insight saved themselves alive out of a desperately precarious institutional situation, such, for instance, as now faces the peoples of Christendom" (p. 25).

With these elements in cultural development in mind, Mr. Veblen proceeds to sketch the role played by

the instinct of workmanship from the stone age to the twentieth century.

The slow advance of technology among savage peoples he ascribes in part to the customary rule of the elders and the associated habits of mind which establish a degree of tabu upon innovation. But more obstructive still is "the self-contamination of the sense of workmanship" (p. 52). Animism in its origin is "the naïve imputation of a workmanlike propensity in the observed facts." Now such an imputation is radically misleading in attempts to work inorganic matter, but much less so in dealings with plants and animals. Hence the savage makes vastly better progress with agriculture and domesticating animals than with stone-working and the like. This keen suggestion Mr. Veblen supports by an impressive body of evidence. Even the one conspicuous case which seems to count against his thesis — the skill of the Eskimo in working bone, skin, sinews, etc. — might perhaps be converted into additional support if skilfully construed.

The chief factor in weakening these obstacles and so in promoting technological advance Mr. Veblen finds in the appearance of three new mutant races, — the three racial stocks of which the European populations and their offshoots are still mainly compounded. Of these races the latest — the dolicho-blond — appeared during the early neolithic period. Now these new races, perhaps, in most eminent degree the dolicho-blond, were characterized by an endowment of instincts among which the sense of workmanship, the parental bent, and those dispositions which constitute the "spirit of enterprise" were relatively more powerful than the like propensities had been among the earlier races. Hence the tabu upon innovation counted for less among these mutants than among their forerunners. More-

over, the new races had the great advantage of coming into a world where considerable progress had already been achieved in the material arts of life. They could and did borrow freely the achievements of the older races; for the archaeological evidence from neolithic times supports the view that life was fairly peaceable, and that not a little trading was carried on. Now when things are borrowed most of their magical halo is lost in transit, so that they can be turned to use by their new owners in a much more matter-of-fact fashion than by their old owners. Hence the contamination of workmanship by its self-begotten animism counted for less among the new races, and mechanical efficiency had freer play.

Savage life presents a sort of archaic communism. But the slow technological advance which may take place gradually causes free workmanship to be superseded by a pecuniary control of industry. For when technological advance has produced an appreciable resort to indirect methods of production and an accumulation of wealth beyond the current necessities of subsistence, there develops slowly the epoch-making institution of ownership. With an accumulation of wealth comes also a stronger inducement to aggression, hence a marked increase of fighting, and hence the advent of the war chief. Ownership comes to vest largely in the war leaders, so that rights of ownership blend with notions of mastery. This development of predatory institutions, initiated by technological advance, reacts most unfavorably upon the instinct of workmanship. Interest is shifted from the fulness of life of the community and centers in the warlike glory of the tribe, its leaders, and its god. The fullest development of this type of culture is found among the pastoral peoples of the east, whose gifts enabled them

to make great conquests, but whose inattention to the basic arts of life involved their wide empires in inglorious collapse.

That the Western peoples have been able to make more consistent progress than the Eastern pastoralists arises from the fact that among them the predatory phase of the pecuniary culture gave way sooner to the commercial phase. "Owing, probably, to the peculiar topography of Europe, small-scale and broken, the pastoral-predatory culture has never been fully developed or naturalized in this region, nor has a monarchy of the great type characteristic of western Asia ever run its course in Europe" (p. 231). Not that the Europeans kept the peace; but, since the close of the Dark Ages at least, war has not precluded a pertinacious pursuit of the arts of subsistence among them. Their pecuniary organization, indeed, was by no means wholly favorable to the progress of technology; for it led to a conventional disesteem of labor, to conspicuous waste, to conflict instead of harmony of individual interests, and it brought the matter-of-fact knowledge on which technical progress depends into disrepute among the well-to-do and left the workers no appreciable leisure or energy for indulging idle curiosity. Still, this phase of culture permitted the rise of the business-like "middle classes" — and these classes had at least a business interest in the progress of the arts.

From this point onward, Mr. Veblen is dealing with materials which are more familiar to economists. But, as ever, he looks at familiar facts from a strange angle. What interests him in the era of handicraft is that the instinct of workmanship comes to the fore again, but is again self-contaminated "in the way of an anthropomorphic interpretation that construes the facts of experience in terms of a craftsmanlike bent" (p. 242).

To this self-contamination Mr. Veblen traces the broadly characteristic features of early modern sciences. Under the daily discipline of the handicraft system material science rose out of scholasticism to the conception of the Creator as the Master Craftsman who made a beneficent Order of Nature. It was the business of science to discover the Laws of this Natural Order.

Despite this warping of the sense of workmanship, technology progressed rather rapidly under the handicraft system, and this progress was the primary factor in producing the salient features of present day culture, — capitalism and the machine process. More elaborate industrial equipment increased the pecuniary requirements of business and threw the discretionary control of industry into the hands of the moneyed men. On the spiritual side, also, the handicraft system paved the way for capitalism; for capitalism rests on a legal and customary basis of Natural Rights, which is a derivative of the beneficent Order of Nature made by the Great Artificer. What Mr. Veblen says on these topics in his concluding chapters may be passed over, partly because many of the fascinating ideas there developed at length have been briefly suggested in his earlier publications (especially the *Theory of Business Enterprise*), partly because much the same materials are treated in the next book on my list.

## V

Mr. Sombart's latest book, *Der Bourgeois*,<sup>1</sup> is a popular version of *Der Moderne Kapitalismus*, issued *ad interim* while the new edition for the use of scholars is coming out in parts. While, as has been said, it

<sup>1</sup> *Der Bourgeois*. Zur Geistesgeschichte des modernen Wirtschaftsmenschen. Von Werner Sombart. München und Leipzig, Duncker und Humblot, 1913. 8°, pp. vii + 540.

covers much the same period as Veblen's later chapters, the method of treatment is very different. Veblen assumes in his reader a knowledge of the substantial facts, and as his own contribution indicates the causal connections between the broad features in the process of cultural growth. His is a book of interpretations written by one with a genius for taking the cosmic point of view. When he cites a fact it is for purposes of illustration — not for purposes of giving information or proving his theories. These theories rest on a wide and curious range of learning, which few of us command, so that most of us accept or reject them on grounds of preconceptions rather than on grounds of evidence. Mr. Sombart has somewhat the same penchant for interpreting economic history; but he also likes to write it. His text is full of diverting details, it is supplemented by long pages of learned notes, it tells the reader what the facts were besides setting these facts in what he conceives to be the clearest perspective. If we do not agree with his conclusions, he tells us where to look for proof.

Unlike Veblen again, and unlike Wallas also, Sombart has little to say about the structure and the functioning of human nature at large. None the less, his writings are distinctly contributions to social psychology. For the central feature of economic history to him is "*Geistesgeschichte*." Capitalism, for instance, means to him a definite and peculiar complex of habits of thought and action. His task is to show how this complex has been gradually evolved within the West-European culture (p. 9).

According to Mr. Sombart, the capitalistic spirit is a hybrid, bred by crossing the spirit of business enterprise upon the burgher spirit. Each of these parents in turn is made up of various elements: business enter-

prise is a synthesis of avariciousness, adventurousness, inventiveness, and much besides; while the burgher spirit is compounded of industry, thrift, honesty, and rational calculation (pp. 24, 194, 236). The first part of the book, over which I shall pass rapidly, tells how this hybrid was produced historically; the second part tells why social evolution took this particular direction.

Lust for gold manifested itself early among the European peoples, as the Sagas show. But the idea of making money by regular economic activity developed late. Highway robbery and piracy, magic and alchemy, scheming projects of all sorts, usury, gambling and speculation scarcely differing from gambling, were much more "natural" ways of seeking treasure, and all were practised on a grand scale before capitalism arose. Meantime certain qualities indispensable to the capitalist enterprises were being developed in other than business activities. In war, in the management of lands, in the administration of state and church there was scope for inventiveness, capacity for organization, and capacity for managing men without compulsion by appealing to their interests.

As for the burgher spirit, Mr. Sombart shows that the worldly virtues of industry, thrift, and honesty have been inculcated in much the same fashion by a long line of popular moralists from Alberti in the fifteenth century to Benjamin Franklin in the eighteenth. The other chief constituent of this spirit, rational calculation, made notable advances through the rise of book-keeping and its fruition in accountancy.

There follows an interesting series of chapters sketching the rise and frequently the decline of capitalism in Italy, Spain, France, Germany, Holland, England, and America. But, while he is concerned to insist upon the continuity of the development from mediaeval Florence



to contemporary New York, Mr. Sombart shows that there are marked differences between the early bourgeois and the bourgeois of today. The fundamental difference is this: in all the thinking and scheming of the old-fashioned bourgeois, the weal and woe of living men was the foremost consideration, whereas in modern business the center of interest is profits and the prosperity of the business enterprise as such (pp. 195 and 217).

With this historical material in hand, Mr. Sombart now asks: How did the capitalistic attitude arise in the minds of men? He answers: this attitude is partly a matter of instinct, partly a matter of character, partly a matter of knowledge. The bourgeois got his instinctive capacities by inheritance, his character by training, his knowledge by instruction.

Sombart's account of the instinctive capacities which are the fundamental basis of the bourgeois' attitude is perhaps the least satisfactory part of his book. He assumes that all the phenomena of the capitalistic spirit may be traced back to certain inherited "dispositions." These dispositions appear to be numerous, but no attempt is made to define them beyond the insertion of some rather obvious comments upon the qualities exhibited by "enterpriser natures" and by "burgher natures" — qualities like cleverness, decision, deficiency of feeling as compared with intellect and will. Of course, the true bourgeois is born with both these natures. Nor is Sombart's dealing with difference of racial endowments impressive. Races mean to him not the racial types which modern anthropologists have found to exist among the populations of Europe, but the various races of which history tells. Among these races he regards the Celts and certain Germanic tribes, particularly the Goths, as deficient in native gifts for

capitalistic activity. Hence in large part the backwardness in business of the Scottish Highlanders, the Irish, the French, the Spaniards and the Portuguese.<sup>1</sup> The peoples highly endowed with capitalistic dispositions are the Romans, Normans, Lombards, Saxons, and Franks, whom he groups together as "hero-peoples," and the "trading-peoples," the Etruscans (largely represented in Florence), the Friesians (who settled Holland and the lowlands of Scotland), and the Jews.

The bourgeois virtues Mr. Sombart derives chiefly from religious teaching, altho he recognizes that certain classical philosophers exercised an influence. Catholicism inculcated from the start the burgher virtues of industry, frugality and honesty; it insisted upon a rational conduct of life — the subjection of natural impulses to a rule of reason laid down by the church. And the Church modified her teachings to keep pace with the times. From the fourteenth century onward her writers upon ethics manifested a clear knowledge of and a lively sympathy with the new developments in economic life. Poverty as an ideal disappeared from her teachings to the laity. Nor were men longer taught to remain contentedly in that station of life in which God had first placed them. Even the prohibition of interest was given a form positively favorable to the rise of capitalism. Investments and loans were sharply contrasted, the former were heartily approved, the latter as heartily condemned. That is, every one was encouraged to take his share in the management and risks of business, and discouraged only from living in idleness and security upon the fruits of other men's labors.

<sup>1</sup> In speaking of the Irish, Mr. Sombart makes an amusing blunder: "even in the whirlwind of American business life they have preserved their comfortable quiet in large measure, preferring to save themselves from the turmoil in the quiet harbor of a political office" p. 270.

Protestantism threatened at first to obstruct the rise of business enterprise. Every intensification of religious feeling tends to make men indifferent to worldly wealth. In addition Lutheranism was characterized by a reactionary preference for the simple life of the peasant and craftsman, while Calvinism developed a similarly reactionary exaltation of poverty, and in its Puritan strains filled the week so full of religious exercises as to leave scant time for an "excess of worldly cases and business." If the Protestant churches did not dam the rising tide of capitalism, then, it must have been because in their own despite other elements in their teaching favored the bourgeois attitude toward life. Of these elements the chief was a passionate insistence upon the necessity of holding the fleshly lusts in subjection, of practising the burgher virtues which Thomas Aquinas had praised. Idleness, sensuality, amusements of all sorts, extravagance, and artistic interests were condemned in the interests of the soul; but the condemnation proved also to be in the interests of the pocket book.

Judaism, finally, was even more favorable to the business life than Catholicism. It never inculcated the ideal of poverty, it was even more thoro than Catholicism in its teaching of rationalism, it went as far as Puritanism in checking artistic interests. But the great impetus which Judaism gave to the rise of business habits came from the distinction which it drew between the lawful treatment of Jews and Gentiles. From a co-religionist the Jew could not lawfully take interest or lawfully exact more than the "justum pretium." But from a Gentile he could with a clear conscience do both. In his dealings with the latter he was free to develop business morality of the modern sort.

Besides these biological and moral sources of the capitalistic spirit, Mr. Sombart discusses the social circumstances from which it is in part derived. (1) Of the various ways in which the state is held to have hindered or helped the economic transformation, one only is likely to be overlooked by other students — namely, state policy toward heretics. Sir William Petty's remark, "Trade is not fixed to any species of Religion as such; but rather . . . to the Heterodox part of the whole," seems to have been a just generalization. Mr. Sombart thinks that there was a correlation between heterodoxy and inherited capitalistic aptitudes; but he also suggests that for people cut off in large measure from participation in the social and political life of the country there was little left save immersion in business interests. (2) For similar biological and social reasons he regards emigration as highly favorable to capitalism. The immigrant must work of necessity in his new home, and there he can work with less interference from tradition than in his old home. Hence the large number of advances scored by immigrants both in business organization and industrial technique. (3) The inrush of Peruvian silver and Brazilian gold was a factor of first-rate importance, in that it hastened the development of the money economy, intensified the desire for wealth, and spread the fever of speculation. (4) Improvements in industrial technique made a similar appeal to the business imagination. They also nourished other traits characteristic of the bourgeois: rationality, interest in the means rather than the ends of life, imbecile delight in what is called "progress," but might better be called acceleration. Perhaps still more important were the indirect influences of invention upon capitalism — especially, the increase of population which it made possible. (5) The economic activities of

the pre-capitalistic era — particularly trade, above all foreign trade and money lending — of course offered an elementary training in bourgeois habits of mind. Finally, capitalism, once born, had a cumulative growth: the institution nourished the spirit from which it sprang. The rationality of business methods became more perfect, the “system” became more and more independent of the men who ran it, competitive conditions forced a ceaseless expansion in the size of enterprises, an ever more exacting attention to details, an ever faster pace in the operation of machinery, an ever shorter period of “turn over.” So completely has the capitalistic spirit possessed its victims that sane and able men spend their whole lives and prematurely exhaust their whole energy as slaves of business, not from a sense of duty, not as yielding to a necessary evil, but with enthusiastic devotion to what they love best.

As may be judged from the preceding outline, Mr. Sombart's work is a cross between economic history and sociology. One thinks of him as a born theorist, remaining such notwithstanding prolonged training as an historian. Doubtless he has the defects as well as the qualities of this combination. The social psychologists assert that his analysis of mental evolution is crude; the historians assert that his details are often wrong. Like a sociologist dipping into history he often bases a congenial generalization upon scanty evidence. Like a man of documents dipping into theory he often gives the formal pedigree of an idea, when what is needed is an explanation of the conditions which gave wide currency to a habit of thought. Probably much of his work will have to be done over again. But after all deductions have been made, it may well prove true that Mr. Sombart has contributed more to the progress of economics than any German of his generation.

Schmoller's great effort to produce economic science according to the specifications of the historical school achieved little more than the mechanical juxtaposition of sections of economic history and sections of conventional economic theory. Sombart has come much nearer the goal of blending these two elements in such a fashion as to explain at once the current working and the cumulative changing of economic processes.

## VI

Mr. Walter Lippmann <sup>1</sup> is a disciple of Mr. Graham Wallas, and to him Mr. Wallas has dedicated *The Great Society* in a charming note. Like his master Mr. Lippmann has had first-hand, tho briefer, experience of politics, like his master he has turned to psychology for a key to its riddles, and like his master, he "writes with the practical purpose of bringing the knowledge which has been accumulated by psychologists into touch with the actual problems of present civilized life." To this end he has given his book a popular form, chosen illustrations that are strictly up-to-date, talked freely about the politicians who are conspicuously before the public, and cultivated a style full of journalistic "snap."

Mr. Lippmann's chief conscious difference from his master concerns a psychological issue. In his opinion, "Mr. Wallas works with a psychology that is fairly well superseded" (p. 84). Mr. Lippmann adheres to the "Freudian School." Unfortunately, he has not attempted to justify either his doubt of the psychology on which Mr. Wallas depends, or his faith in the methods of Freud. Perhaps this omission does not

<sup>1</sup> A Preface to Politics. By Walter Lippmann. New York, Mitchell Kennerly, 1913. 8°, pp. xiv + 318.

detract seriously from the popular appeal of his book, but it leaves his superstructure resting upon a foundation of faith rather than a foundation of knowledge. As he himself says, not even the disciples of the Freudian school "would claim that it had brought knowledge to a point where politics could use it in any very deep or comprehensive way" (p. 84).

Conscious of this weakness in his position, Mr. Lippmann meets it by contending that the way to achieve more certain knowledge is to apply what insight into human nature we already possess to our dealings with practical problems. If we assume the experimental attitude toward life, "every mistake will contribute toward knowledge" (p. 107). ". . . to suppose that the remedy lies in waiting for monographs from the research of the laboratory is to have lost a sense of the rhythm of actual affairs. That is not the way things come about; we grow into a new point of view; only afterwards, in looking back, do we see the landmarks of our progress" (p. 86). "In other words, we must put man at the center of politics, even tho we are intensely ignorant of men and of politics. This has always been the method of great political thinkers from Plato to Bentham. But one difference we in this age must note: they made their political man a dogma — we must leave him an hypothesis" (p. 106).

Mr. Veblen has an eerie detachment from current political issues that is as disconcerting to most readers as Mr. Lippmann's immersion in them is comfortably natural. Nevertheless, Mr. Lippmann's view of the fundamental issue in present politics is best formulated in *The Instinct of Workmanship*. Most peoples that have had a long history, Mr. Veblen remarks, "have from time to time been brought up against an imperative call to revise their scheme of institutions in the light of

their native instincts " (p. 24). Mr. Lippmann sees America in this plight today. The chief task of statecraft " is the invention of forms and institutions which satisfy the inner needs of mankind " (p. 86). The chief error of most reform projects is that they try to preserve the institutions by placing tabus on the instincts. The chief hope of real reform lies in modifying the institutions so that the instincts may work to good ends.

It is vain to forbid the existence of evil by law. Human desires cannot be eradicated: " the impulses, cravings and wants of men must be employed. You can employ them well or ill, but you must employ them " (p. 46). To employ them well you must find what William James called the " moral equivalent " for evil. " Instead of tabooing our impulses, we must redirect them. Instead of trying to crush badness we must turn the power behind it to good account. The assumption is that every lust is capable of some civilized expression " (pp. 49, 50).

This assumption is justified by the Freudian doctrine of " sublimation." The Freudian psychologists " have brought forward a wealth of material which gives us every reason to believe that the theory of ' moral equivalents ' is soundly based, that much the same energies produce crime and civilization, art, vice, insanity, love, lust, and religion. In each individual the original differences are small. Training and opportunity decide in the main how men's lust shall emerge. Left to themselves, or ignorantly tabooed, they break forth in some barbaric or morbid form. Only by supplying our passions with civilized interests can we escape their destructive force " (p. 51).

But how is " the creative politician," seeking " good substitutes for the bad things we want " (p. 83), to



know good from bad ? To ask that naïve question in the expectation of getting an answer is to imply that "somebody has done the world's thinking once and for all" (p. 205). The truth is that social philosophies, with all their airs of finality, are today and always have been the servants of men's purposes, not valid statements of the ultimate end of endeavor. "We find reasons for what we want to do" (p. 213).

Accordingly, "Statesmanship cannot rest upon the good sense of its program. It must find popular feeling, organize it, and make that the motive power of government" (p. 220). How this is done we learn from Sorel's doctrine of the "social myth." "We in the midst of our science and our rationalism are still making myths" — myths which "convey an impulse, not a program," which "embody the motor currents in social life" (p. 230). We can see that the creeds of the past were such dynamic myths; so also are the creeds of the present; so will be — and so should be — the creeds of the future. What we need now is the myth that will put most energy into our efforts at social reconstruction, that will emphasize the devising, adapting, constructing faculties. Perhaps the best myth for this purpose is "that society is made by man for man's uses, that reforms are inventions to be applied when by experiment they show their civilizing value" (p. 243).

Such is the burden of Mr. Lippmann's message. To feel its full force, one should see what effective use Mr. Lippmann can make of it as a basis for criticizing notions familiar to us all. Peculiarly penetrating is his incisive dealing with the Chicago Vice Report in chapters V and VI. But what concerns us here is the theoretical bearings of these essays on current politics.

Broadly speaking, Mr. Lippmann accepts and applies the same general conception of human nature and social

institutions, of the relations between man's inherited capacities and acquired aptitudes as Thorndike, Wallas, and Veblen. Indeed, I do not see that the two ostensibly fresh elements which Mr. Lippmann introduces into the discussion give him any advantage over the preceding writers. He uses the Freudian psychology as a basis for the theory of "sublimation," — the theory that instinctive impulses may give rise either to good or to evil actions according to the points on which the individual's interests are focussed. Had *The Original Nature of Man* been published before Mr. Lippmann wrote, he might have learned this fact from Mr. Thorndike in a less sensational but probably more accurate form than from Dr. Freud. Similarly, the element of truth in the theory of social myths which he borrows from Sorel he might have learned in less paradoxical but more general form from Veblen's paper on "The Place of Science in Modern Civilization,"<sup>1</sup> even before *The Instinct of Workmanship* appeared.

## VII

As a theorist, Mr. Walling has few rivals within the Socialist movement. He has too wide a knowledge of economic processes and too much analytical insight to remain an orthodox Marxian. He has also too honest a temper to preach a creed which he thinks needs revision, and he has too constructive a bent to be content with negative criticism. Within the last three years he has published three books which form the most considerable contribution to socialist theory yet made in America. Of these books the first two were devoted largely to keen criticism of contemporary socialist doctrines and current reform movements.<sup>2</sup> The present volume — *Pro-*

<sup>1</sup> American Journal of Sociology, March, 1906.

<sup>2</sup> Socialism As It Is, and The Larger Aspects of Socialism. The Macmillan Company. New York, 1912 and 1913.

*gressivism and After* — makes a wider appeal.<sup>1</sup> It is a serious effort to think out the future developments of the political movements which seem to possess the greatest vitality at present: an effort, in other words, to forecast the changes in social organization which may be expected to occur within the next generation.

In brief, Mr. Walling thinks the proximate future belongs to three parties: the Progressives, the Labor Party, and the Socialists. The Progressives, now on the point of achieving political control, will establish a form of State Capitalism. Under this regime the Labor Party, dominated by the aristocracy of labor, will gradually acquire the balance of power and convert State Capitalism into State Socialism. Then, after a time, the Socialist Party, representing the laboring masses, will come into its own and be able to set up a truly Socialistic State. This whole series of transformations will probably occur within the next quarter century (p. xxxii). It is this last prophecy — that many of us in middle life will see the inauguration of socialism — which lends an almost sensational interest to Mr. Walling's analysis and gives a personal tang to our curiosity about the grounds on which it rests.

Progressivism means to Mr. Walling not only the movement led by Mr. Roosevelt, but also that led by President Wilson. In England it is known as the Liberal Party; in Australia, Germany, France, and Italy it exists under various names. But everywhere the gist of the movement is the same: an effort on the part of small capitalists to check what they regard as the abuses of large capitalists. The measures now in process of enactment toward this end are primarily governmental regulation of "Big Business," the imposi-

<sup>1</sup> *Progressivism and After*. By William English Walling. New York, The Macmillan Company, 1914. 8°, pp. xxxv + 486.

tion of super-taxes on large incomes, and the like. But the policy is bound to develop in the direction of a thoroughgoing scientific reorganization of industry by government. There is a limit, however, beyond which these reforms will not go so long as the mass of business men, farmers, and professional people remain in control. Those reforms will be adopted which pay the small capitalist interests, and those only. Among such reforms will be government ownership of monopolies, of fundamental industries like the railways, and of the large-scale industries providing consumers' necessities (for the small capitalists are keenly concerned to keep down the cost of living). State Capitalism will also secure the "conservation of labor" as the most important of natural resources. It will go in for "scientific management," minimum wages, industrial schooling, housing reform, mothers' pensions, and the like. In all this the government will regard laborers as machines in which enormous sums can be profitably invested; but it is misleading to call this approaching regime "the Servile State" as Belloc has done, for one of the points about which scientific management will become perfectly clear is that laborers are after all human machines and work most efficiently when they have a large measure of freedom. Accordingly, the masses will be not only much better off, but also much freer under State Capitalism than they are at present, — their gains will not be allowed to trench upon profits, that is all.

It is partly through this extension of democracy that State Capitalism will be gradually transformed into State Socialism. All the non-capitalist classes will be striving for power, and the aristocracy of labor will hold a strategic position between the masses and the ruling class. Organized in the Labor Party they will utilize this position, not to introduce genuine socialism, but

to gain special privileges for themselves. Their triumph will be hastened by recruits from the small-capitalist class. For State Capitalism will favor an increase in the number of independent business men, but will not be able to prevent an increase of insolvencies, and the bankrupts will favor a state guarantee of incomes rather than a precarious dependence upon profits. In agriculture, also, State Capitalism will be compelled by its interest in cheap food to discourage inefficient farmers. In its own despite, it will drive many unsuccessful farmers into the arms of the Labor Party.

When these changes have put the Labor Party into power, it will seek to entrench the position of the privileged wage- and salary-earners who make its dominant factor. It will abolish the rule of capitalists in government and industry, it will extend the list of publicly-operated enterprises materially, it will nourish the laboring masses still more carefully, it will leave only one special privilege standing. But that one is "the greatest of inequalities and the worst injustice" — namely, practical exclusion of the children of the masses from the expensive training needed to share in the work and the advantages of the aristocracy of labor (p. 193).

We can already see the beginnings of that contest within the ranks of labor between the unskilled and the skilled which is destined to become the central issue of politics under State Socialism. And this contest can have no other outcome than complete democracy — which by that time will mean genuinely equal educational opportunities for the children of all classes. For the more scientific becomes the organization of industry, the more damage can the unsatisfied masses do by practising sabotage and calling intermittent mass strikes. The more equal becomes the distribution of wealth, the less will the ruling class have to fear from

the final step. The more society experiments with the advantages of training the talented children of wage-earners, the higher will it rate the prospective advantages of granting even the children of the unskilled all the education by which they can profit.

Now this is no place to argue the plausibility of Mr. Walling's forecast at large; but it is the place to consider the concept of human nature on which it rests. The reader must have noticed both that this concept is very different from that held by Thorndike, Wallas, Veblen, Sombart and Lippmann, and that it is very like the concept implicitly held by most economic theorists. For Mr. Walling's expectations are tacitly based on the assumption that the factor controlling political behavior today and tomorrow is a clear apprehension of economic self-interest and a firm determination to follow it. Indeed, Mr. Walling's fundamental amendment of orthodox Marxism carries economic determinism further than most socialists will go. He smashes the romantic notion of working-class solidarity by applying the "economic and class interpretation . . . to the constituent elements of the Socialist Party" (p. 240). Quite in the spirit of the classical economists, he makes place in his system for only one set of limitations upon the pursuit of economic self-interest — the limitations of ignorance; and he holds that even these limitations will decline rapidly as education extends. He imputes to the unskilled laboring masses of the future a mobility greater than that imputed by Ricardo to capital (p. 296). Even so sentimental a matter as patriotism gets reduced in his analysis to business elements (chapter XV).<sup>1</sup> In fact, the only set of people in Mr. Walling's

<sup>1</sup> One sentence might be construed to mean something different from economic determinism: "when we look for the motive behind the political act and its immediate guiding principle we find with Wells (in his *New Macchiavelli*) that it is prompted 'by interests and habits, not ideas.'" Of course in psychology "interests" means some-

book who are not guided by enlightened self-interest are the members of the present Socialist parties. They are not "as well-informed and aggressive in defending their interests as pure democracy and Socialism require. . . . And so the Party machinery is used almost as much to bring the Party to follow its leaders, who follow the non-Socialist public, as it is used to persuade the non-Socialist public to follow the Party" (p. 221).

It is a suggestive fact that Mr. Walling has a long and intimate acquaintance with the doings of the Socialist party in America. If he could know as well the Progressives, the conservative wings of the Republican and Democratic Parties, the Labor Party, and the Socialists of the future, would he not find that they too lack clearness of vision and singleness of purpose? His brother socialist, Mr. Lippmann, says shortly, "No genuine politician ever treats his constituents as reasoning animals."<sup>1</sup> If our social psychologists are not wholly mistaken, we may add: No political theorist should treat human beings as calculating machines.

In short, I think Mr. Walling's book is an excellent piece of "pure theory." But "pure theory" is an even more fallible guide to what we may expect from political evolution than to what we may expect from business activities.

## VIII

"There can be no question," wrote a distinguished psychologist in 1909, "that the lack of practical recognition of psychology by the workers in the social sciences has been in the main due to its deficiencies. . . . The department of psychology that is of primary

thing very different from what it means in economics. But I fear Mr. Walling confused the two meanings for a moment. Judging from the book as a whole, "interests" means material advantages.

<sup>1</sup> A Preface to Politics, p. 217.

importance for the social sciences is that which deals with the springs of human action, the impulses and motives that sustain mental and bodily activity and regulate conduct; and this, of all the departments of psychology, is the one that has remained in the most backward state, in which the greatest obscurity, vagueness, and confusion still reign.”<sup>1</sup>

Happily, the preceding reviews justify the belief that this situation is changing for the better. For Parmelee and Thorndike, Wallas, Veblen, and Lippmann, even in a measure Sombart and Walling, are endeavoring to explain how men *act*. Studies of tropisms, reflexes, instincts, and intelligence; of the relations between an individual's original and acquired capacities; of the cultural roles played by racial endowments and social institutions are vastly more significant for economics than classifications of conscious states, investigations of the special senses, and disquisitions on the relations between soul and body.

It was because hedonism offered a theory of how men act that it exercised so potent an influence upon economics. It is because they are developing a sounder type of functional psychology that we may hope both to profit by and to share in the work of contemporary psychologists. But in embracing this opportunity economics will assume a new character. It will cease to be a system of pecuniary logic, a mechanical study of static equilibria under non-existent conditions, and become a science of human behavior.

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<sup>1</sup> W. McDougall, *An Introduction to Social Psychology*, pp. 2, 3.